PHILIP MORRIS USA INTER-OFFICE CORRESPONDENCE
120 PARK AVENUE, NEW YORK, NY 10017-5592

TO: Team Merit **DATE:** January 17, 1995

FROM: Rodney Robinson

SUBJECT: Merit Awards Results

This provides you with a year-end review of Merit Awards activity to date.

June Direct (1.8MM):

	Projected Response Rate	Final Response Rate	Orders to Date(1/12)
Umbrella	.65%	.72%	12,706
Back Pack	.53%	.63%	11,199
Blanket	.86%	.98%	17,280
Combo(Blank/Bkpk)			9,330*

* Included in individual orders.

Survey	5.9%
Refer-A-Friend	2.1%
Items/Order	1.37
Ineligibles	1,025

- Most items have been fulfilled; only items remaining are undeliverable requests.
- Ultra loyal and unknown cells achieved the highest order response rates of 1.76% and 1.17%, respectively. Note that over half of the unknown smokers are new Merit smokers. These names have since been scored. Detail is attached.
  - Unfortunately, over 40% of the responders have not used the source code address label. We need to break these names out by bucket with special processing.

Merit Awards Catalog

- week 21 of 39

- As of 1/12, 48,764 orders have been keyed to date for a total of 100,199 items in the catalog (2.05 items/order). Note that this is a combination of the carton stuffer, FSI, and catalog. The program is on forecast. Detail of orders by item and shipped inventory is attached.
- Order processing is well above the expected norm (85%+).

Item Orders		Catalog Orders	
FSI	94%	On-pack	98%
Carton Stuffer	93%	On-carton	96%
Catalog	91%	BRC	98%
Average	**91%**		**98%**

- To date, the ultra loyal direct mail cell is pulling the highest response rate for items: 1.54% while the retail catalog is the underdog, with a .03% response rate to date. Complete detail is attached.
  - Note that for the August direct mail program, the majority (66%) of responders are not using the source code labels- well above June direct at 40%.

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- In terms of response rates by media vehicle, direct mail has the best response rate at 1.83%. The others follow:

Item Orders		Catalog orders	
Carton stuffer-	.13%	BRC-	.33%
Retail Catalog-	.03%	On carton-	.33%
FSI-	.01%	On pack-	.18%

- The item order mix is meeting expectations. Not surprisingly, the lighter has the highest response, at 21%, yet the pen, women's watch, and the l/xl pullover have a higher percentage of the pie than initially expected. A chart detailing all the items is attached.

Other Highlights

Purchasing/Fulfillment

- The third re-order of items will bring the total item inventory level to 299M vs. the forecast of 313M. Shipments are to be completed by April 22.

- With the third re-order of items in place, the only item with the potential for out-of-stock is the medium suede jacket. Fulfillment following up.

- Call volume through 1/195 totals 72,044. Latest reported weekly call volume totals 2,546, down from 6,100 at peak of program.

  - While the majority of calls are to request the catalog (52%), a growing percentage of calls are for order status (20%).

- 20,340 AVF (age verification) letters shipped out to date.
  65,910 catalogs mailed to consumers.
  138,365 catalog inserts shipped with orders.
  127,704 catalogs are remaining in inventory.

Forecasting

- Program currently on track. Updated forecast due 2/13.

That's all for now; please call with any questions.

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Source: https://www.industrydocuments.ucsf.edu/docs/hknm0004

PHILIP MORRIS - MERIT
SOURCE CODE LISTING

RUN: 02:48:57 12 JAN 1994

CIRCULATION 1,764,000
EST. REDEMPT 41,101

PROGRAM MERIT JUNE DIRECT
DROP DATE 6/15/94
EXP. DATE 9/30/94
SOURCE CATALOG RESOURCES, INC.

JUNE DIRECT MAIL

WEEK ENDING 1/12/94

SOURCE CODE	CAT	DESCRIPTION	CIRCULATION	ORDERS PROCESSED	ITEMS ORDERED	CUMULATIVE TO DATE ORDERS PROCESSED	CUMULATIVE TO DATE ITEMS ORDERED	REDEMPTION RATE
8012A	12	ULTRA LOYALS	187,623	2	4	3,299	4,721	1.76%
8012B	12	LOYALS	212,430	1	2	1,868	2,605	0.88%
8012C	12	VULNERABLES	120,828	0	0	790	1,156	0.65%
8012D	12	UNKNOWNS	554,340	10	14	6,501	9,332	1.17%
8012E	12	COMP LOW	408,381	0	0	222	275	0.05%
8012F	12	COMP LOWEST	280,173	1	1	206	257	0.07%
8012	12	MERIT AWARDS*	1,763,775	9	10	10,312	13,512	0.58%
TOTALS		MERIT JUNE DIRECT	1,763,775	0	0	23,175	31,827	1.31%

* Consumers did not use address labels with source codes.

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Item Orders/Shipped

	Cumulative Item Orders to Date (1/12)	Orders Shipped (1/12)	% Shipped	Waiting to be Shipped	Inventory* (1/12)	Remaining Inventory	Total Forecast	Item orders as % of Forecast
XL Jacket	3,044	2,620	86%	424	3,624	580	9,604	31.70%
L Jacket	3,301	2,827	86%	474	3,448	147	10,661	30.96%
M Jacket	2,862	1,637	57%	1,225	1,932	(930)	8,615	33.22%
M Watch	7,602	5,488	72%	2,114	11,630	4,028	25,865	29.39%
W Watch	9,872	7,109	72%	2,763	12,350	2,478	33,355	29.60%
L/XL Sweater	2,057	1,759	86%	298	4,469	2,412	6,663	30.87%
S/M Sweater	1,361	1,156	85%	205	4,346	2,985	4,859	28.01%
L/XL Pullover	9,297	4,234	46%	5,063	6,840	(2,457)	33,793	27.51%
S/M Pullover	2,907	2,577	89%	330	4,308	1,401	11,617	25.02%
Knife	7,519	6,749	90%	770	26,250	18,731	24,465	30.73%
Duffle Bag	4,622	3,852	83%	770	9,557	4,935	12,889	35.86%
Ashtray	9,021	7,756	86%	1,265	19,980	10,959	28,833	31.29%
Lighter	20,647	17,763	86%	2,884	56,500	35,853	51,574	40.03%
Pen	11,706	8,955	76%	2,751	9,650	(2,056)	35,341	33.12%
Planner	4,381	3,179	73%	1,202	12,491	8,110	15,009	29.19%
TOTALS	**100,199**	**77,661**	78%	**22,538**	**187,375**		**313,143**	**32.00%**
Backpack	1,869	1,749	94%	120	17,500	15,631	11,466	16.30%
Umbrella	12,706	11,984	94%	722	15,548	2,842	11,113	114.33%
Blanket	7,950	7,606	96%	344	23,206	15,256	17,110	46.46%
Combo	9,330	8,955	96%	375				
Catalog	34,812							
FSI	7,255							
Carton Stuffer	6,697							
Ttl Orders	**48,764**							

* Does not reflect outstanding POs.

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MERIT AWARDS RESPONSE RATE SUMMARY

Description	Circulation	Cumulative to Date Orders Processed	Redemption Rate to Date
Item Orders			
Merit Awards Direct Mail	1,764,000	32,317	1.83%
Merit Awards Fulfillment (800#, BRC, Inserts)	332,000	1,262	0.38%
Merit Awards Ctn Stuffer	5,000,000	6,697	0.13%
Merit Awards Retail	3,959,150	1,233	0.03%
Merit Awards FSI	57,000,000	7,255	0.01%
Totals	68,055,150	48,764	0.13%
Catalog Orders			
Merit Awards Retail - on Carton	451,350	1,578	0.33%
Merit Awards BRC	6,324,421	19,763	0.33%
Merit Awards Retail - on Pack	1,796,085	3,323	0.18%
Totals	8,571,856	24,664	0.33%

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MERIT AWARDS ITEM ORDER MIX

	Initial Forecast	Actual YTD	Diff
LIGHTER	35%	21%	-14%
CRYSTAL ASHTRAY	12%	9%	-3%
SWISS ARMY KNIFE	11%	8%	-3%
LEATHER PLANNER	8%	4%	-4%
BALL POINT PEN	6%	12%	6%
WOMEN'S WATCH	5%	10%	5%
MEN'S WATCH	5%	8%	3%
LEATHER DUFFLE BAG	4%	5%	1%
HOODED PULLOVER L/XL	3%	9%	6%
BARN JACKET XL	3%	3%	0%
HOODED PULLOVER S/M	2%	3%	1%
CABLE SWEATER L/XL	2%	2%	0%
CABLE SWEATER S/M	2%	1%	-1%
BARN JACKET L	2%	3%	1%
BARN JACKET M	1%	3%	2%

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